



Redevelopment Authority
of Prince George's County



**RESIDENTIAL DOWNPAYMENT
ASSISTANCE PROGRAM**



PATHWAY TO PURCHASE

**First Time Homebuyers
Assistance**

*GUIDELINES AND PROGRAM
MANUAL*
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TABLE OF CONTENTS

TOPIC	PAGE
1. Introduction	3
2. Applicant Eligibility	3
3. Credit and Mortgage Standards	3
4. Debt Ratio Standards	4
5. Loan Amount	4
6. Loan Term	4
7. Interest Rate	4
8. Primary Residency Restrictions	5
9. Repayment Requirements	5
10. Household Income Limits and Income Determination	6
11. Eligible Properties	10
12. Eligible Zip Codes	10
13. Maximum Purchase Price	10
14. Property Standards	10
15. HQS Inspection Procedures	10
16. Home Inspection Compliance	11
17. Lead Based Paint Compliance	12
18. Purchaser's Minimum Cash Contribution	12
19. Seller Contribution	12
20. Money Returned to Borrower	12
21. Application Process	12
22. Getting Started	14
23. Participating Lenders & Certification Requirements	15
24. Lender Fees	16
25. Realtor Training	16
26. Home Buying Counseling	16
27. Title Company Requirements	17
28. Title Company Fee	18
29. PATHWAY TO PURCHASE SHORT SALE POLICY	18
30. PATHWAY TO PURCHASE SUBORDINATION POLICY	18
31. PATHWAY TO PURCHASE PAYOFF REQUEST	19
32. Attachment I – Housing Quality Standards (HQS) Inspection Requirements	
33. Attachment II – PATHWAY TO PURCHASE Application	
34. Attachment III – PATHWAY TO PURCHASE Application Checklist	
35. Attachment IV – HUD Certified Housing Counseling Agencies	

1. INTRODUCTION

The Prince George's County **PATHWAY TO PURCHASE** PROGRAM is funded by the HOME Investment Partnerships Program (HOME), pursuant to 24 CFR Part 92.

The **PATHWAY TO PURCHASE** Program provides home purchase assistance to eligible first time homebuyers to purchase owner occupied or vacant residential properties anywhere in Prince George's County. Home purchase assistance includes down payment and/or mortgage principal reduction costs and/or closing costs.

2. APPLICANT ELIGIBILITY

Applications will be accepted with no discrimination as to race, color, religion, creed, national origin, sex, marital status, physical or mental disability or sexual orientation.

Applicants must be first time homebuyers and must not have owned residential real estate, including cooperatives anywhere during the three years immediately preceding the date of the application to the **PATHWAY TO PURCHASE** program. **(Investors or current owners of residential property are excluded from participation in this program).**

Applicants must be **CREDIT WORTHY** and able to qualify for a first mortgage through a **Participating Lender**,

Applicants must be 18 years of age or older.

Applicants must agree to live in the home being purchased as their principal residence.

Applicants must contribute a minimum amount of cash towards the purchase of the home. Applicants must attend an 8-hour housing counseling class provided by a HUD Certified housing counseling agency and receive a Certificate of Completion. **On line classes are unacceptable.**

Applicant must have an eligible ratified Contract of Sale on a residential property located in Prince George's County.

3. CREDIT AND MORTGAGE STANDARDS

a. Credit Score

The Program does not require a specific credit score. However, applicants must be able to meet all credit requirements or credit score benchmarks required by a Participating Lender to obtain a first mortgage. Individuals that have been unable to obtain an

approval for a mortgage by a Participating Lender or have credit issues, are advised to contact a housing counseling agency to obtain credit counseling. A list of HUD approved counseling agencies is provided on the website.

Please note that the PATHWAY TO PURCHASE Program is not an alternative program for individuals with “adverse credit” or individuals that have been unable to obtain an approval for a mortgage by a Participating Lender

b. First Mortgage

The first mortgage must be a fully amortized, fixed-rate mortgage. (No adjustable rate interest, interest only or negative amortization loans are acceptable). All first mortgages must be in compliance with the FDIC Statement on Subprime lending at <http://www.princegeorgescountymd.gov/865/Redevelopment-Authority>

Applicants may use FHA, VA or Conventional first mortgage loan products. Applicants may combine assistance from other down payment programs, for example, DSELP or CDA. Lender must provide an approval with the loan amount from 3rd party with **PATHWAY TO PURCHASE** submission package. This information is required to determine PATHWAY TO PURCHASE loan amount. PATHWAY TO PURCHASE loan amount is based on need up to **\$10,000.00**. There is absolutely **NO MONEY BACK** to the purchaser at settlement. **PATHWAY TO PURCHASE** loans will be placed in 2nd lien position on title.

4. DEBT RATIO STANDARDS

Housing or front end monthly Debt to Income Ratio (DTI) of **33%**. Total or back end monthly Debt to Income Ratio of **45%**. **No Exceptions on the front or back ratio.**

5. LOAN AMOUNT

The maximum loan amount is based on the borrower’s household income:

Household income **51- 80%** of the area median

Loan Amount: Up to **\$10,000.00**

6. LOAN TERM

Loan is **0%** interest, deferred payment. Purchaser must pay back the loan according to the recapture chart if sold, transferred, refinanced with cash out, or ceases to be primary residence within a **10-year** period.

LOAN FORGIVEN AFTER 10 YEARS. In the event of a default, the outstanding balance will accrue an annual interest at a rate of **5.75%**.

7. PRIMARY RESIDENCY RESTRICTIONS

Property must remain primary residence for a minimum of **10 years**. At the closing of the **PATHWAY TO PURCHASE** loan, the borrower will be required to sign a regulatory agreement and declaration of covenants that will be recorded in the land records of Prince George's County, agreeing to comply with the primary residency requirements.

In addition, the Department of Housing and Community Development will conduct an annual certification and require residency documentation to ensure compliance with this requirement.

8. REPAYMENT REQUIREMENTS

There will be no monthly payment on the **PATHWAY TO PURCHASE** loan. The **PATHWAY TO PURCHASE** loan will be a deferred payment loan, secured on the property as a second trust, with the total amount due upon sale, transfer of the property, if the property ceases to be the primary residence of the borrower or if property doesn't meet **PATHWAY TO PURCHASE** guidelines when applying for a streamline refinance (see **PATHWAY TO PURCHASE** Subordination policy within these guidelines).

Purchaser Remains in HOME	Balance Due (As % of Total PATHWAYS TO PURCHASE loan Received)
Less than 1 year	100%
At least 1 year but less than 2 years	90%
At least 2 years but less than 3 years	80%
At least 3 years but less than 4 years	70%
At least 4 years but less than 5 years	60%
At least 5 years but less than 6 years	50%
At least 6 years but less than 7 years	40%
At least 7 years but less than 8 years	30%
At least 8 years but less than 9 years	20%
At least 9 years but less than 10 years	10%
Ten years or More	0%

9. HOUSEHOLD INCOME LIMITS AND INCOME DETERMINATION

Household income for qualification of assistance under the **PATHWAY TO PURCHASE** Program will be determined by calculating the income of all members of the household 18 years and above, regardless of whether the household member is an applicant for the first mortgage. For example, in the case of a husband and wife where the wife is the loan applicant because of more favorable credit, and the husband is not an applicant,

the **PATHWAY TO PURCHASE** Program will count the income of both the husband and the wife in the eligibility decision.

Applicants for the **PATHWAY TO PURCHASE** Program must have gross annual household incomes at or below 80% of the area median, adjusted for family size (see Table I).

Table I: **PATHWAY TO PURCHASE** Program Income Limits

Household Size	51% - 80% Area Median
1	\$61,150
2	\$69,900
3	\$78,650
4	\$87,350
5	94,350
6	\$101,350
7	\$108,350
8	\$115,350

Annual household income is defined in 24 CFR 5.609, and is referred to as "[Part 5 annual income](#)." The Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period, and income earned from assets (in general, an asset is cash or a non-cash item that can be converted to cash. It is the income earned from the asset - not the value of the asset - that is counted).

To assist in determining if an applicant is eligible, HUD has provided an income calculator, which can be found at <https://webapps1.hud.gov/hfc/calculator>. The Step by Step method must be used to determine eligibility.